

Line drawn for battle over SCHIP

By NOELLE STRAUB - IR Washington Bureau - 07/22/07 – Helena Independent Record

WASHINGTON — In this corner: Senate Finance Committee Chairman Max Baucus, his Democratic colleagues and some Republicans, fighting to help low-income kids get medical coverage.

And in this corner: President Bush, his administration and some conservatives, fighting against an increased government role in the health care system.

Who will win?

With the extension of the State Children's Health Insurance Program likely to be the only major piece of health care legislation passing Congress this year, the struggle over its future intensified this week.

On Thursday Baucus's committee, including six Republicans, approved a bill that would add \$35 billion to the program during a five-year period. Bush, who has proposed adding only \$5 billion, renewed his threat to veto the bill. The increases would be on top of the \$25 billion now available throughout five years.

Lawmakers said the Senate bill would add 3.2 million kids to the program in addition to the 6.6 million currently covered. It would be paid for largely by a 61 cent tax increase per pack of cigarettes.

Trailed by a throng of reporters, Baucus left the committee meeting Thursday calling passage of the bipartisan bill a major step and a very strong message of support. He predicted the measure will pass by a large majority when it comes to the Senate floor, which is expected this week.

"It's a big day for kids," Baucus said.

Sen. Charles Grassley, R-Iowa, the committee's top Republican, agreed. He said he'll tell the White House it's unrealistic to continue current policy and that the administration needs to move ahead with the bill.

But at almost the exact same time, Bush condemned the Senate bill during a speech in Tennessee.

"I view this as the beginning salvo of the encroachment of the federal government on the health care system," Bush said.

Congress established SCHIP a decade ago as a way to insure children whose families earn too much to qualify for Medicaid but still cannot afford private insurance. It will expire on Sept. 30 unless Congress acts to extend it.

As chairman of the Finance panel, which has jurisdiction over the program, Baucus has been one of the leaders in renewing it. The committee began hearings early in the year and negotiations started in earnest several months ago.

Baucus and Grassley, along with the heads of the health care subcommittee, Sens. John Rockefeller, D-W.Va., and Orrin Hatch, R-Utah, hammered out the Senate compromise bill.

"It's been so long I've almost forgotten how far back it was," Baucus said of beginning work on the bill. "Our staffs have met over 100 times. Senators Rockefeller, Hatch and I have met countless times."

The senators argued over the cost of the program. Baucus said he suggested they first decide the number of low-income children they wanted to add to the program, and they agreed on about 3 million.

They discussed how to handle a few other issues, then estimated the cost, Baucus said. It was "pretty high."

"Essentially I knew 35 (billion) was sort of the breaking point for a lot of Republicans," Baucus said. "So we went back to CBO (the Congressional Budget Office) and said, 'OK ... tell us how we do this for 35 billion bucks for five years.' So CBO to their credit went back and said, 'OK, make this change and that change and so forth and we can do it.' "

The committee passed its version on a 17-4 vote.

"I always knew we'd get there because again it's helping low-income kids and that trumps most everything," Baucus said.

The U.S. House is working on its own version of the bill. It would increase SCHIP by \$50 billion.

Democratic senators had originally considered that higher number too. And Sen. John Kerry, D-Mass., said he will offer an amendment when the bill comes to the Senate floor with that number.

But in a compromise to win GOP support, Baucus and Senate Democrats scaled the amount back to \$35 billion and agreed not to allow additional parents to be covered under the program. And adults without children now covered would be transitioned to Medicaid.

During the past decade, 14 states applied for and were granted waivers by the administration to cover adults under SCHIP.

"Because this is a children's program, it really doesn't sound right that a lot of adults are also covered," Baucus said.

The Senate bill would allow states to cover children in families with incomes up to 300 percent of the poverty level. States must match federal money with state funds.

The 2007 Montana Legislature increased the family income eligibility cutoff for CHIP, the Montana state version of SCHIP, from 150 percent of the federal poverty level to 175 percent. At the 175 percent level, a family of three makes about \$30,000 per year, Baucus' office said.

"This allows Montana, if it so chooses, to raise the number of children it covers even higher," Baucus said.

The Senate bill would provide new coverage to as many as 12,000 Montana children while

continuing coverage for the 14,000 kids currently enrolled in CHIP, he said.

Bush has said he will veto the bill. He favors a scaled-back SCHIP program and wants Congress to consider healthcare tax proposals along with it. Bush wants to cap SCHIP eligibility at 200 percent of the poverty level, or about \$34,000 for a family of three.

The Senate bill, Bush said, would provide incentive for people to switch from private to government health insurance.

"I am deeply worried (that) further expansion will really lead to the undermining of the private health care system, which would take the greatest health care system in the world and convert it into a mediocre health care system," Bush said.

Baucus said only a few states with particularly high costs of living cover children at or above three times the poverty level, and do so because higher incomes do not stretch very far where the families live.

He also said the program's structure in most states is similar to the prescription drug benefit, and noted that the vast majority of states contract with private companies to deliver CHIP services to children.

The AARP and the American Medical Association support the Senate SCHIP bill.

Baucus thinks the veto threat doesn't change much.

"There are a few members of the Republican party who will listen and do almost anything the president suggests, but there are many Republicans on this issue especially who are voting their own conscience, they're going their own way," he said.

Baucus said he is not currently negotiating with the White House. But he said he may do so after the House and Senate both pass their bills and congressional leaders sit down to hammer out a final compromise.